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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Review of the procedures for the provision of statements of programme budget implications and for the use and operation of the contingency fund

Report of the Secretary-General

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* A/46/50.

I. INTRODUCTION

1. After considering the report of the Secretary-General on statements of programme budget implications (A/44/234) at its twenty-ninth session (1989), the Committee for Programme and Co-ordination (CPC) recommended, inter alia, that the procedure for the provision of statements of programme budget implications should be reviewed during the implementation of the programme budget for the biennium 1990-1991. Recalling further that the procedures for the use and operation of the contingency fund would also be subject to a review, CPC recommended that the Secretary-General submit a single report on the two reviews to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions and CPC at its thirty-first session. 1/ Subsequently, at its forty-fourth session, in its resolution 44/200 B on the implementation of General Assembly resolution 41/213, the General Assembly requested the Secretary-General:

> (a) to extend progressively, in accordance with paragraph 28 of his report (ibid.), the provision of statements of programme budget implications to all subsidiary bodies of the General Assembly and the Economic and Social Council, taking into account the feasibility of such extension in order to facilitate their decision-making process, and to keep under review the format and content of statements of programme budget implications in the context of the new budgetary process;
>
> (b) to submit to the General Assembly at its forty-sixth session, through the Advisory Committee on Administrative and Budgetary Questions and CPC, and in the light of the experience gained during the implementation of the programme budget for the biennium 1990-1991, a single report on the review of the procedures for the provision of statements of programme budget implications and for the use and operation of the contingency fund.

2. The present report is submitted in response to these two requests.

II. USE AND OPERATION OF THE CONTINGENCY FUND IN 1989 AND 1990

3. The creation of a contingency fund was decided by the General Assembly in annex I of its resolution 41/213 of 19 December 1986 on the review of the efficiency of the administrative and financial functioning of the United Nations. Paragraph 8 of annex I states: "The programme budget shall include a contingency fund expressed as a percentage of the overall budget level, to accommodate additional expenditures relating to the biennium derived from legislative mandates not provided for in the proposed programme budget or, subject to the provisions of paragraph 11 below, from revised estimates." Paragraph 9 stipulates that "if additional expenditures, as defined in paragraph 8 above, are proposed that exceed resources available within the contingency fund, such additional expenditures can only be included in the budget through redeployment of resources from low-priority areas or

modifications of existing activities. Otherwise, such additional activities will have to be deferred until a later biennium."

4. One year later, in the annex of its resolution 42/211 of 21 December 1987, the General Assembly adopted criteria for the use of the contingency fund. In particular, it is stated in this annex that "each statement of programme budget implications and each proposal for revised estimates should contain a precise indication of how the alternatives mentioned in paragraph 9 of annex I to General Assembly resolution 41/213 would be applied in case it is not possible to finance all or part of the additional requirements from the fund".

5. On 21 December 1988, in its resolution 43/214 on the proposed programme budget outline for the biennium 1990-1991 and use and operation of the contingency fund, the General Assembly set the level of the fund for the biennium 1990-1991 at 0.75 per cent of the preliminary estimates for the biennium 1990-1991, or $15 million.

6. In December 1989, when adopting the proposed programme budget for the biennium 1990-1991, the General Assembly appropriated an amount of $1,879,500 from the contingency fund and took note that a balance of $13,120,500 would remain in the fund. A consolidated statement of programme budget implications and revised estimates, indicating the subjects for which additional resources were requested and the nine sections of the programme budget concerned, was provided to the Fifth Committee (A/C.5/44/50).

7. In December 1990, the General Assembly appropriated an additional amount of $9,901,800 from the contingency fund and took note that a balance of $3,218,700 remained in the fund. As the year before, a consolidated statement indicated the subjects and relevant sections of the programme budget (A/C.5/45/73).

8. The table below summarizes the use of the $15 million contingency fund established for the 1990-1991 programme budget:

Section		General Assembly Forty-fourth session	General Assembly Forty-fifth session
1.	Overall policy-making, direction and coordination	195 800	
2B.	Disarmament affairs activities	300 400	460 900
4.	Policy-making organs (economic and social activities)	82 000	6 104 700
5A.	Office of the Director-General for Development and International Economic Cooperation		60 000
6.	Department of International Economic and Social Affairs		177 500
8.	Global social development issues	53 000	395 900
9.	Transnational corporations		180 000
10.	Economic Commission for Europe		20 000
11.	Economic and Social Commission for Asia and the Pacific		85 000
12.	Economic Commission for Latin America and the Caribbean		95 000
13.	Economic Commission for Africa	181 900	667 200
14.	Economic and Social Commission for Western Asia		35 000
15.	United Nations Conference on Trade and Development	420 000	387 500
20.	International drug control	287 600	995 800
23.	Human rights		120 300
26.	Legal activities	20 200	
27.	Public Information	338 600	117 000
	Total	1 879 500	9 901 800

9. Lastly, in its resolution 45/255 of 21 December 1990 on the proposed programme budget outline for the biennium 1992-1993, the General Assembly decided that the contingency fund for this forthcoming programme budget shall provisionally be established at the same level of 0.75 per cent of the preliminary estimate, i.e. $19 million.

10. The above facts suggest a smooth use and operation of the contingency fund during the first two years of the implementation of this new feature of the budgetary process. The overall level of the fund appears to have been sufficient. All requests for the use of this fund, presented through statements of programme budget implications and revised estimates, were accepted by the General Assembly upon recommendations from the Advisory Committee on Administrative and Budgetary Questions. The Assembly did not have to decide on the postponement of the proposed new activities, nor to delete, modify or postpone activities included in the programme budget for the biennium 1990-1991.

11. It should however be noted, that when the General Assembly adopted in December 1990 the consolidated statement of programme budget implications and revised estimates, the following comments was made by the Chairman of the Advisory Committee on Administrative and Budgetary Questions: "the Advisory Committee wished to point out that, while it had thus far been possible to accommodate the additional requirements explaining the Secretary-General's various statements of programme budget implications and revised estimates within the contingency fund, it might not always be possible to do so in the future. It therefore stressed the need for full compliance with the agreed procedures for the preparation of such statements, and particularly for the indication of alternative courses of action in case the contingency fund could not accommodate the expenditure in question". 2/

III. PROVISION OF STATEMENTS OF PROGRAMME BUDGET IMPLICATIONS IN 1989 AND 1990

12. There have been no significant changes during these two years regarding the total number of statements of programme budget implications submitted to the Economic and Social Council and the General Assembly. In 1989, of the 212 resolutions and decisions adopted by the Economic and Social Council, 29 were accompanied by a statement of programme budget implications. In 1990, 19 programme budget implications statements were submitted to the Council, for a total of 179 resolutions and decisions. As in previous years, most of these statements originated in the subsidiary bodies of the Council, notably the Commission on Human Rights and the Committee on Crime Prevention and Control. The Fifth Committee of the General Assembly considered 18 statements of programme budget implications in 1989 and 23 in 1990, for a total number of resolutions and decisions of 300 in 1989 and 312 in 1990. Overall, the practice remained as described in the report of the Secretary-General on statements of programme budget implications submitted two years ago. On the whole, statements are presented by the Secretariat when a question of possible financial implications arises.

13. The programmatic content of statements of programme budget implications has also remained largely the same. The statements contained a reference to the relevant chapter, programme and subprogramme of the medium-term plan for the period 1984-1991, a reference to the relevant sections of the programme budget and an indication of the new requested activities/outputs.

14. Most important in the context of the present report, is the question of the presentation in the statements of programme budget implications of alternative courses of action in case the resources requested could not be accommodated within the contingency fund.

15. As indicated in paragraph 6 above, the General Assembly, at its forty-fourth session, decided to use $1,879,500 from the contingency fund. This was a result of decisions on 11 programme budget implications or revised estimates. The alternatives indicated by the Secretariat for these 11 statements and revised estimates are summarized below:

(a) Special session of the General Assembly on narcotic drugs — $288 000

Alternative proposed for financing of public information activities (suspension of the annual one day event related to the International Day against Drug Abuse and Illicit Trafficking).

No alternative was proposed for financing of the special session; if it proved not possible to finance it from the contingency fund, the postponement of the special session might be required.

(b) Revised estimates resulting from resolutions and decisions of the Economic and Social Council — $252 100

The report of the Secretary-General submitted to the Assembly on these revised estimates did not include alternative. It indicated that deferment of the proposed activities would have to be considered if redeployment of resources from low priority areas or modification of projected activities were to be impracticable. The Advisory Committee pointed out "the need for the Secretariat ... not to abdicate its responsibility to provide for consideration of intergovernmental bodies concerned precise indications of alternatives".

(c) Policies of apartheid of the Government of South Africa — $104 500

Alternative proposed was the deferment to 1992-1993 of an output (updating of Basic Facts about the United Nations) in a low priority programme element.

(d) Report of UNCITRAL $ 20 200

Alternative proposed was to reduce attendance of staff at sessions of working and study groups.

(e) Implementation of the Declaration on the Denuclearization of Africa $ 57 800

Alternative proposed was the deferment to 1992-1993 of two outputs (reprints of the Charter and revisions of "Everyone's United Nations") in a low priority programme element.

(f) United Nations Regional Centres for Peace and Disarmament $242 600

No alternative was proposed; establishment of the posts requested might have to be postponed.

(g) Human settlements (living conditions of the Palestinian people in the occupied territories) $420 000

No alternative was proposed; preparation of the requested study might have to be postponed.

(h) International campaign against traffic in drugs (establishment of an intergovernmental expert group) $ 82 900

Alternative proposed was to defer to the biennium 1992-1993 two of the seven meetings of an expert group included in the programme budget.

(i) International campaign against traffic in drugs (assistance of experts) $ 74 400

Alternative proposed was the same as in (h)

(j) Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (information activities) $155 100

Alternative proposed was the deferment to the biennium 1992-1993 of activities (reprinting of the Charter and revision of "Everyone's United Nations") in a low priority programme element.

(k) Second Industrial Development Decade for Africa $181 900

No alternative was proposed; the requested activities might have to be postponed.

16. At its forty-fifth session, the General Assembly decided to appropriate $9,901,800 from the contingency fund on the basis of 16 programme budget implications or revised estimates. The alternatives indicated by the Secretariat were the following:

(a) Prevention of an arms race in outer space — $ 64 400

No alternative was proposed; the requested activities would have to be postponed.

(b) General and complete disarmament; defensive security concepts and policies — $170 700

No alternative was proposed; the requested activities would have to be postponed.

(c) Implementation of the Declaration on the Denuclearization of Africa — $ 28 800

No alternative was proposed; the requested activities would have to be postponed.

(d) Charting potential use of resources allocated to military activities for civilian endeavours to protect the environment — $144 400

No alternative was proposed; the requested activities would have to be postponed.

(e) United Nations Institute for Disarmament Research — $ 52 600

No alternative was proposed; the requested report would have to be postponed.

(f) Critical economic situation in Africa: United Nations Programme of Action for African Economic Recovery and Development 1986-1990 — $ 50 000

No alternative was proposed; the requested reports would have to be postponed.

(g) Revised estimates from the Economic and Social Council — $451 000

For the activities requested under sections 8, 9 and 13 of the programme budget for the biennium 1990-1991, the overall alternative proposed was to modify or defer some of the activities already programmed in these sections, except in programme elements designated as high priority.

(h) Economic and Social Council resolution 1990/72 (African Institute for Economic Development and Planning) — $392 200

No alternative was proposed to the financing of four posts in IDEP.

(i) Crime prevention and criminal justice — $364 900

No alternative was proposed; the requested activities would have to be deferred.

(j) United Nations Conference on Environment and Development — $6 374 700

Given the magnitude and nature of the request, no alternative was proposed.

(k) Policies of apartheid of the Government of South Africa (Information activities) — $117 000

The alternative proposed was the deferment to the 1992-1993 biennium of one output (updating of Basic Facts about the United Nations) in a low priority programme element.

(l) Implementation of the New Programme of Action for the Least Developed Countries for the 1990s — $387 500

No alternative was proposed for the activities envisaged under section 11 (ESCAP) and section 13 (ECA). Regarding the bulk of the activities, envisaged under section 15 (UNCTAD) the alternative proposed was to curtail programmed activity in UNCTAD related to trade among countries having different economic and social systems.

(m) New and renewable sources of energy — $187 500

No alternative was proposed; the requested activities would have to be postponed.

(n) International action to combat drug abuse and illicit trafficking (creation of a post at the Under-Secretary-General level) — $ 83 900

No alternative was proposed; the establishment of the post would have to be deferred.

(o) Activities of the Centre for Human Rights (creation of additional posts) $120 300

No alternative was proposed; the creation of additional posts might have to be deferred.

(p) Implementation of the global programme of action adopted by the General Assembly at its seventeenth special session (International Drug Control) $911 900

Given the magnitude and nature of the request, no alternative was proposed.

17. In sum, 6 of the 11 statements of programme budget implications or revised estimates which prompted in 1989 the use of the contingency fund included some alternatives to the requested activities. The remaining five statements, however, represented 74 per cent of the $1,879,500 appropriated from the contingency fund. In 1990, of the 16 statements or revised estimates which generated the further use of the contingency fund, only three included alternatives. Of these, one was specific and two were of a general nature, referring to modifications or curtailments of activities pertaining to entire sections or programmes of the programme budget. The statements and revised estimates without alternatives represented 90 per cent of the $9,901,800 appropriated from the contingency fund by the General Assembly at its forty-fifth session.

IV. CONCLUSIONS AND RECOMMENDATIONS

18. The above summary of the experience gained in 1989 and 1990 with the provision of programme budget implications and the contingency fund suggests conclusions and recommendations in four areas: the provision of statements to all subsidiary bodies of the General Assembly and the Economic and Social Council; the programmatic content of the statements; the indication in programme budget implications of alternative courses of action; and the operation of the contingency fund.

19. As noted in paragraph 1 of the present report, the progressive extension of the provision of programme budget implications was requested by the General Assembly, "taking into account the feasibility of such extension in order to facilitate their decision-making process". Such extension did not occur during these past two years. The obstacles outlined in the report of the Secretary-General submitted to the forty-fourth session of the General Assembly (A/44/234) have yet to be overcome. One major obstacle continues to be the prevailing attitude within the Secretariat and the intergovernmental bodies concerned that the production and discussion of programme budget implications do not facilitate but hamper the legislative process. Statements are perceived as unavoidable only when additional resources might be necessary for the implementation of the activities proposed in resolutions and decisions. Another major obstacle stems from the resources available in the

Secretariat for the preparation of programme budget implications and from the time available for the preparation of these statements. Given these circumstances, it might be desirable to concentrate the efforts of the Secretariat on the quantitative and qualitative aspects of the provision of the programme budget implications to the Economic and Social Council and to the General Assembly, rather than on the extension of such statements to all subsidiary bodies.

20. The programmatic content of the statements of programme budget implications which have been submitted these past two years remained inadequate. The characteristics of the medium-term plan for the period 1992-1997 - high priority attached to a number of subprogrammes, a somewhat clearer description than before of the strategies and courses of action of the Secretariat - should prove helpful in implementing more fully the provision of paragraph 7 (b) of section II of resolution 38/227 A which stipulates that "each statement should indicate how the activities proposed in the draft resolution fulfil or reinforce the objective and strategies of the current legislative mandate". Also, the new format of presentation of activities in the proposed programme budget for the biennium 1992-1993 might facilitate the implementation of another provision of that same resolution 38/227 A which states that each statement should provide "further indications of clear implications of the draft resolution with regard to the existing programmes within the relevant section of the programme budget, in the case of possible funding through existing resources". The Secretariat is proposing to pursue its efforts in two directions. First, a written statement of programme budget implications should be systematically produced when the requested activities modify significantly the programme of work adopted with the programme budget, while not involving additional resources. Secondly, statements with additional resources that might involve the use of the contingency fund, should include precise references to the relevant programme, subprogramme and activity of the relevant section of the programme budget, and should to the extent possible also include references to comparable activities in other sections.

21. With regard to the indication in statements of programme budget implications of alternative courses of action in case the contingency fund could not accommodate the additional resources requested, the difficulties experienced by the Secretariat during these first two years of operation of the contingency fund need to be overcome. This is not an easy task. Again, obstacles stem from attitudes, resources and time available for the production of the programme budget implications. In simplified terms, the lack of alternative or the presentation of an unacceptable alternative can sometimes be perceived as the best "strategy" to secure additional resources through the use of the contingency fund. In the same vein, it could be argued that the availability of a contingency fund prevents the systematic search for obsolete or low priority activities which could be suppressed or postponed in order to accommodate new legislative requests. Only further experience with the use and operation of the contingency fund will enable the Secretariat to give an acceptable content to the notion of alternatives.

22. Apart from the question of alternatives mentioned above, which is central to the use of the contingency fund and apart from the level of this fund, the experience gained during these two years is too short to be conclusive. It should be noted, from the viewpoint of the budgetary methodology, that the resources appropriated for the various sections of the programme budget for the biennium 1990-1991 through the use of the contingency fund were, when considered recurrent, incorporated in the resource base used for the preparation of the proposed programme budget for the biennium 1992-1993. It should also be mentioned that the definition of what "shall not be covered by the contingency fund and shall continue to be treated in accordance with established procedures" (para. 11 of annex I of resolution 41/213) was an issue which generated some debate during the forty-fifth session of the General Assembly. The concept of "extraordinary expenses" might need to be further refined.

Notes

1/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 16 (A/44/16), para. 284.

2/ A/C.5/45/SR.51.